

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
Docket No. 2019-290-WS – Order No. 2020-____

August 7, 2020

In Re:)	
)	
Application of Blue Granite Water)	<i>proposed</i>
Company for Approval to Adjust Rate)	ORDER
Schedules and Increase Rates)	
_____)	

INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Motion for Approval of Bond (the “Motion”) filed by Blue Granite Water Company (“Blue Granite” or the “Company”) filed June 8, 2020. Having examined Blue Granite’s motion and supporting materials, and determined that the surety selected by the Company and the proposed amount of the bond is in accordance with the requirements of the applicable statute, the Commission is required to approve the bond. Under South Carolina law, Blue Granite may, notwithstanding this Commission’s order rejecting its petition for rate relief, implement the proposed rate increases during the pendency of its appeal if it posts sufficient bond in accordance with S.C. Code Ann. § 58-2-240(D). Pursuant to this subsection, if our order denying the proposed rate relief is upheld on appeal, Blue Granite will be required to refund the additional funds collected during the pendency of appeal with interest accrued at the rate of twelve percent per annum.

SUMMARY OF THE UNDERLYING CASE

On October 2, 2019, the Company filed its Application for Approval to Adjust Its Rate Schedules and Increase Rates. The Application sought to increase its water and wastewater rates to recover additional annual revenues of \$4,744,305 resulting from third-party purchased water and sewer treatment expenses, and \$6,987,498 resulting primarily from investments in infrastructure needed to serve customers, for a total requested annual revenue increase of \$11,731,803. The Commission conducted an evidentiary hearing on this matter from February 26, 2020 through March 2, 2020. The Company, the South Carolina Office of Regulatory Staff (the “ORS”), and South Carolina Department of Consumer Affairs (“Consumer Affairs”) thereafter each submitted proposed orders. On April 9, 2020, in Order No. 2020-306, the Commission ruled on the proposed rate relief. The Order was served on April 9, 2020, and on April 29, 2020, Blue Granite filed a Petition for Rehearing or Reconsideration with this Commission. On May 28, 2020, this Commission issued its decision on reconsideration, authorizing the implementation of an annual revenue requirement in the amount of \$29,191,874. The Order implementing the terms of the May 28, 2020 directive has not been issued as of this date.

TERMS AND CONDITIONS OF THE PROPOSED BOND

Blue Granite requests that the Commission approve a bond pursuant to S.C. Code Ann. Section 58-5-240(D) in the amount of \$3,874,516, pending issuance of the order on the Petition for Rehearing or Reconsideration and any subsequent appeal. The Company furnished a proposed bond form to be executed by a surety company authorized to do business in South Carolina. The Commission’s approval of the Company’s bond is appropriate and warranted in that it protects Blue Granite’s right to collect rates under bond under the statute, but at the same time poses no

risk of harm to customers, since any rates collected under bond will be subject to refund with interest in the event Blue Granite's subsequent appeal is unsuccessful.

THE APPLICABLE STATUTE

In Section 1 of Act No. 138 of 1983, the South Carolina General Assembly substantially rewrote Section 58-5-240 of the South Carolina Code. The amendment to Section 58-5-240 provided in part that if the Commission rejects a utility's application for rate relief, the utility may nevertheless choose to impose a rate increase while the utility seeks reconsideration by the Commission of the matter and/or appeal of the Commission's denial of rate relief before the Supreme Court of South Carolina, so long as the utility provides an appropriate surety bond in an amount sufficient to ensure repayment of any overcollection, with interest to be assessed at twelve percent per annum. The Commission is without discretion to prohibit the Company from imposing its proposed rates under an appropriate bond. The statute, as amended by the General Assembly in 1983, allows the utility to impose its proposed rates under bond as a matter of right where the utility demonstrates that the surety and the bond are sufficient to ensure that the ratepayers will be reimbursed with interest for over charges in the event the utility's appeal is ultimately unsuccessful. Based on the information presented to us, the proposed surety and the bond in the amount of \$3,874,516 are appropriate and must be approved as proposed. If refunds become necessary at the conclusion of the appellate proceedings, we will rule on the proper refund methodology at that time.

This order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

Comer H. “Randy” Randall, Chairman

ATTEST:

Jocelyn Boyd, Chief Clerk/Executive Director

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Application of Blue Granite Water)	CERTIFICATE OF SERVICE
Company for Approval to Adjust Rate)	
Schedules and Increase Rates)	
)	

This is to certify that I, Samuel J. Wellborn, attorney with the law firm of Robinson Gray Stepp & Laffitte, LLC have this day served a copy of the Proposed Order in the referenced matter to the parties listed below by electronic mail:

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Dated at Columbia, South Carolina, this 7th day of August, 2020.


